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4 August 1959

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CENTRAL INTELLIGENCE BULLETIN



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DAILY BRIEF

I. THE COMMUNIST BLOC

OK
USSR-Nixon visit: Moscow's initial propaganda reaction to Vice President Nixon's TV-radio speech of 1 August stressed his alleged failure to offer an adequate reply to questions as to why the United States is encircling the USSR with military bases. Moscow radio also accused the vice president of "distorting" Soviet foreign policy. At the same time, Soviet commentators endorsed his statements regarding peaceful settlement of disputes and expansion of contacts between the United States and the Soviet Union.

*Izvestia published the full text of the speech on 2 August, and Pravda carried a 300-word account. The live broadcast, which was simultaneous with the television presentation, was carried for Moscow audiences, but not on the main home service program. According to available information, the speech has not yet been broadcast internally on any Soviet programs outside the Moscow area.

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II. ASIA-AFRICA

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Laos: Premier Phoui states he is strengthened in his belief, on the basis of a late report from Phong Saly Province, that regular forces of the North Vietnamese Army have been involved in recent attacks against Laotian Army outposts. In addition, Phoui has a report from the governor of the adjacent Nam Tha Province, which also borders Communist China, of the arrival of regular Chinese Communist forces at frontier posts normally garrisoned by border security detachments. These latest reports are unconfirmed. The American military attaché's earlier assessment was that North Vietnamese involvement does not go beyond training, supply, and direction of the dissident partisans. Phoui has indicated he will apprise the UN secretary general of the dangerous possibilities in the situation and possibly follow this with an appeal for observers or "other action."

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Ceylon: The government of Prime Minister Bandaranaike remains highly vulnerable in view of its narrow majority and the generally unsettled conditions in Ceylon, despite Parliament's approval of the budget. In the critical 31 July vote, defections which conservative elements have been trying to engineer among Bandaranaike's supporters again failed to materialize.

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DAILY BRIEF

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OK
African conference: The ministerial-level meeting of nine independent African states which convenes in Monrovia, Liberia, from 4 to 8 August will probably impair French relations with most, if not all, of the participants. The Algerian problem will be a principal topic, and other items on the provisional agenda, such as the African demand for new elections in Cameroun prior to independence, and France's plans to test nuclear weapons in the Sahara, appear certain to be discussed in a manner offensive to Paris. The Union of South Africa, which is not participating, will also be heavily criticized, particularly for its racial policies and its long-standing refusal to place Southwest Africa under the UN trusteeship system.

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III. THE WEST

OK
Argentina: The labor situation is deteriorating. Peronista and Communist labor leaders threaten that they will soon intensify their strike pressure against the austerity measures of the US-backed stabilization program. The new economy minister, Alvaro Alsogaray, who earlier attempted a conciliatory approach to labor demands, gave a stern warning to "extremist agitators" following his meeting on 1 August with the military chiefs.

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DAILY BRIEF

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I. THE COMMUNIST BLOC

II. ASIA-AFRICA

Laos

[Laotian Premier Phoui states that recent field reports have convinced him the situation is even more serious than he had previously thought. He has received word from the governor of Nam Tha Province of the reported arrival of regular Chinese Communist forces along the frontier where previously only border security detachments had been noted. Several points on the border were reported by the governor to have been occupied recently by approximately 500 regular Chinese Communist troops. Late word from the governor of adjacent Phong Saly Province has reinforced Phoui's belief that regular forces of the North Vietnamese Army are involved in the current fighting. Three towns in this province have been occupied by Vietnamese company-size units, according to the governor, who has the reputation of being a reliable observer.]

[There is no reliable evidence available to substantiate or disprove either the reported Chinese activity or the participation of North Vietnamese regular forces. The Chinese Communists maintain about 136,000 troops in the Kunming Military District, which is adjacent to Burma, Laos, and North Vietnam. Peiping may have initiated small-scale troop movements to increase the apprehensions of Laotian officials. The North Vietnamese have about 20,000 troops deployed along the Laotian border. These units could give substantial support, both in the form of materiel and direction, and it is likely this type of assistance is being clandestinely extended to the former Pathet Lao guerrillas.]

[Bloc propaganda is attempting to place the onus on the United States for the situation in Laos. While categorically denying]



[Vietnamese Communist complicity in the fighting, Hanoi alleges that a "military build-up" is taking place in Laos which is "part of a US plan for war preparations in Indochina and Southeast Asia." Moscow is charging that American policy, by converting Laos into a US military base within the "zone of action of SEATO," is to blame for the "threat to the peace." Soviet Foreign Minister Gromyko at Geneva, according to press reports, rejected Britain's view of the causes of the recent fighting, and Moscow will probably renew its arguments for an "impartial" investigation in Laos by the ICC at further meetings of the Geneva conference cochairman.]

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Bandaranaike Government Survives New Test in Ceylonese Parliament

Prime Minister Bandaranaike won a further respite for his shaky government on 31 July when the Ceylonese Parliament approved the budget presented earlier in July. The vote of 49 to 41, which climaxed seven days of bitter debate, was Bandaranaike's second critical test in Parliament since the leftist element in his coalition withdrew in mid-May and left the government with only a bare majority.

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Defections from Bandaranaike's party, [which conservative elements reportedly have been trying to engineer] again failed to materialize. With the exception of one absentee, all of the government's 50 representatives voted in support of the budget. Eight of the 49 opposition members did not vote. Most of these were followers of the Communist party line, who apparently wished to avoid forcing an election since it probably would favor right-wing elements.

Because of his narrow majority and the generally unsettled political and economic conditions, Bandaranaike's position remains highly vulnerable. The government's uncertain future is likely to inhibit any effective action on the country's long-standing problems; the present leaders have made it clear they hope to avoid controversial measures that would risk the government's downfall.

Opposition groups will keep the Bandaranaike regime under steady pressure. Their next opportunity for a test of strength probably will occur soon when the combined opposition presents a motion for establishing a special bribery commission to investigate fully the many recent allegations of corruption in the government. Widespread public feeling, stimulated by the press, that a thoroughgoing investigation is needed may make it difficult for the government to maintain its strong stand against such a proposal.

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III. THE WEST

Argentine Labor Situation Deteriorating

Peronista and Communist labor groups in Argentina are threatening to intensify strike pressure against austerity measures under the US-backed stabilization program. The new minister of economy, Alvaro Alsogaray, who earlier attempted a conciliatory approach to labor demands, gave stern warning to "extremist agitators" following his meeting on 1 August with the military chiefs. A number of short-term strikes are under way. The central directorate of Peronista-dominated "62 Group" unions has declared itself in permanent session, presumably to map strike strategy, and the smaller Communist-dominated group of unions is reported organizing a "mammoth" demonstration against Alsogaray's "hunger plan."

Alsogaray has been giving a series of weekly talks to explain the need for austerity measures, including a scaling down of wage demands through October, which he described as a critical period. Prior to these talks, in an effort to soften labor's attitude toward his program, he announced the ending of military control over three important labor unions.

The government's concern over the situation is reflected not only in Alsogaray's shift to a hard line against strikes but also in the announcement of restrictions on travel of bloc diplomats within Argentina. The restrictions, generally to a 25-mile radius of Buenos Aires and based on reciprocity, had been under consideration since last April, when Argentina expelled one Rumanian and four Soviet diplomats for interfering in internal affairs, including strike agitation. [REDACTED]

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The Secretary of the Treasury

The Department of State

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The Under Secretary of State
The Under Secretary of State for Economic Affairs
The Deputy Under Secretary for Political Affairs
The Deputy Under Secretary for Administration
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